

BYLAWS

OF

BOOK 248 PAGE 438

BAYBERRY HOMEOWNERS' ASSOCIATION, INC.

AN INDIANA NOT-FOR-PROFIT CORPORATION

ARTICLE ONE

Identification and Applicability

Section 1.1 Identification and Adoption. These Bylaws are executed simultaneously with the execution of a certain Declaration of Covenants, Conditions and Restrictions for Bayberry at Winslow Farm (hereinafter referred to as the "Declaration") to which these Bylaws are attached and of which they are made a part. The Declaration is incorporated herein by reference and all of the covenants, conditions, rights, restrictions, and liabilities therein contained shall apply to and govern the interpretation of these Bylaws. The definitions and terms as defined and used in the Declaration shall have the same meanings in these Bylaws and reference is hereby made to the definitions in Section 1 of the Declaration. The provisions of these Bylaws shall apply to the Property and to the administration and conduct of the affairs of the Association.

Section 1.2 Individual Application. All of the Owners, their guests and invitees, or any other person who might now or hereafter use or occupy a Condominium Unit or any part of the Property shall be subject to the rules, restrictions, terms and conditions set forth in the Declaration and these Bylaws, as the same may be amended from time to time.

ARTICLE TWO

Restrictions on Transfer

Section 2.1 Intent. It is the intent of the Developer that the Condominium Units will be

occupied by the Condominium Unit Owners. All provisions of this Article 2 shall be construed to give effect to this intent.

Section 2.2. Definitions. All terms contained in this Article 2 shall have the same meaning given to them in these Bylaws; and, in addition, the following terms are defined as follows:

2.2.1 Hardship. "Hardship" means one or more of the following: (1) an Owner's death; (2) an Owner's unexpected loss of gainful employment by transfer, reduction in force or down-sizing; (3) an Owner's hospitalization or admission to a custodial or skilled nursing care facility for a period reasonably expected to last for more than one hundred eighty (180) days; (4) possession of or transfer of ownership to any institutional first mortgage lender as a result of a foreclosure of the lender's security; or, (5) any other circumstance resulting from the occurrence of unexpected events which transpire during the Prohibition Period.

2.2.2 Prohibition Period. The "Prohibition Period" means the later of: (1) three (3) years from the date title is transferred to the first Condominium Unit by the Declarant; or, (2) the date that seventy-five percent (75%) of the Class A Members and seventy-five percent (75%) of the Class B Members (if any Class B Members then exist) vote to repeal the rental prohibition at an annual or special meeting of the Members called for that purpose.

2.2.3 Family. "Family" means those persons who would constitute a "family" as defined in the City of Bloomington Zoning Ordinance applicable to the RS single family zoning district (or any replacement district), as amended from

time to time by action of the Bloomington City Council; provided, **at least one member of the Family must be a Condominium Unit Owner.** An excerpt of the City of Bloomington Zoning Ordinance containing the definition of a "family" is attached as Bylaw Exhibit A.

Section 2.3. Hardship Application Procedure. Any Condominium Unit Owner, or the Condominium Unit Owner's legal representative may apply to the Board of Directors to receive a hardship waiver. Applications shall be filed in writing on forms provided to the Condominium Unit Owner by the Board of Directors. Applications filed prior to any Board of Directors' regular or special meeting shall be placed on the agenda and shall be voted upon by the Board of Directors at such special or annual meeting provided a quorum is present, and a vote by a majority of the Board of Directors at that meeting shall be a final decision on the hardship application. Condominium Unit Owners who object to the hardship application may file written objections or may appear and speak at any special or annual meeting of the Board of Directors.

Section 2.4. Rental Prohibition. **DURING THE PROHIBITION PERIOD, UNLESS A HARDSHIP EXCEPTION IS APPROVED BY A MAJORITY OF THE ASSOCIATION'S BOARD OF DIRECTORS, ONLY ONE FAMILY SHALL OCCUPY EACH CONDOMINIUM UNIT AND NO CONDOMINIUM UNIT SHALL BE LEASED OR RENTED TO ANY NON-FAMILY MEMBER.**

ARTICLE THREE

Meetings of Association

Section 3.1 Purpose of Meetings. At least annually and at such other times as may be

necessary or appropriate, a meeting of the Owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the collection of Common Expenses, selecting a Managing Agent and for such other purposes as may be required by the Declaration and these Bylaws.

Section 3.2 Annual Meetings. Annual meetings shall be held on the second Tuesday of August of each year, beginning in the year 1998 at such hour and at such place within the State of Indiana as shall be designated by the President or the Board of Directors of the Association, and specified in the notice of such meeting. If the day fixed for an annual meeting shall fall on a legal holiday, then such annual meeting shall be held on the first following day that is not a legal holiday. At each annual meeting, the Members shall elect the Board of Directors of the Association in accordance with the provisions of these Bylaws and transact such other business as may properly come before the meeting.

Section 3.3 Special Meetings. A special meeting of the Members may be called by resolution of the Board of Directors or upon: (1) a written petition of the Class "A" Members who represent not less than a majority of all Class "A" Members; or (2) a written request of any Class "B" Member(s). Any resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 3.4 Notice of Meetings. Written notice stating the date, time, place of any meeting, and in the case of a special meeting the purpose(s) for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each Member and, if applicable, to any Mortgagee, not less than ten (10) days prior to the date of such meeting. If at any meeting

an amendment to the Declaration or these Bylaws is to be considered, the notice of such meeting shall describe the nature of such proposed amendment. The notice shall be mailed by first-class United States mail, postage prepaid, or delivered to the Members at their respective addresses as the same shall appear on the records of the Association, and by U.S. certified mail, return receipt requested, to the Mortgagees at their respective addresses as they shall appear on the records of the Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 3.5 Voting.

3.5.1 Number of Votes. Class "A" Members shall be entitled to one (1) vote for each Condominium Unit owned. Class "B" Members shall be entitled to ten (10) votes for each Condominium Unit owned. Class "C" Members shall have no vote in matters of the Association, but may act as a director and may vote in such capacity on matters which are determined by the Board of Directors. After all Members present (in person or by proxy) have cast their votes, the total number of votes for or against any matter shall then be divided by the total number of votes cast to determine the respective proportion of Members supporting or opposing such matter.

3.5.2 Multiple Owners. When the Owner of a Condominium Unit constitutes more than one person or entity, or is a partnership, there shall be only one voting representative entitled to cast the Owner's vote allocable to that Condominium Unit. At the time of acquisition of title to be a Condominium Unit by a multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association an irrevocable proxy appointing one of such persons or partners as the voting representative for such Condominium Unit which shall remain in effect until such appointed representative relinquishes such

appointment in writing, becomes incompetent, dies, or such appointment is otherwise rescinded by order of a court of competent jurisdiction. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting(s) pursuant to Section 3.5.4 of this Section 3.5, which shall constitute relinquishment of his right to act as voting representative for the Condominium Unit at such meeting(s).

3.5.3 Voting by Corporation or Trust. Where a corporation or trust is an Owner or otherwise entitled to vote, the trustees may cast the vote on behalf of the trust, and the agent or other representative of the corporation duly empowered by the board of directors of such corporation shall cast the vote to which the corporation is entitled.

3.5.4 Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Owner shall duly designate his attorney-in-fact in a writing, delivered to an officer of the Association prior to the commencement of the meeting.

3.5.5 Quorum. Except where otherwise expressly provided in the Declaration or these Bylaws, the presence of a majority of the Class "A" Members and Class "B" Members, if any, or their duly authorized representatives shall constitute a quorum at all meetings. The terms "majority of Owners" and "Majority of the vote", as used in these Bylaws, shall mean, unless otherwise expressly indicated, more than fifty percent (50%) of the total vote of all Class "A" and Class "B" Members (if any Class B Members then exist) as determined by the applicable provisions set forth in the Declaration, and shall not mean a majority of the persons or votes present or represented at such meeting.

3.5.6 Conduct of Meeting. The Chairman of the meeting shall be the President of the

Association. He shall call the meeting to order at the duly designated time, and business will be conducted in the following order:

3.5.6.1 Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto.

3.5.6.2 Treasurer's Report. The Treasurer shall report to the Members concerning the financial condition of the Association and answer relevant questions of the Members concerning the common expenses and financial report for the prior year and the proposed budget for the current year.

3.5.6.3 Budget. The proposed budget for the current calendar year shall be presented to the Members for approval or amendment.

3.5.6.4 Election of Board of Directors. Nominations for the Board of Directors may be made by any Member from those persons who are eligible to serve. Such nominations must be in writing and presented to the Secretary of the Association at least ten (10) days prior to the annual meeting. Voting for the Board of Directors will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a director. Each Owner may cast his vote for each of as many nominees as are to be elected; however, he shall not be entitled to accumulate his votes. Those persons receiving the highest number of votes shall be elected. Each voting Member, or the Member's duly appointed proxy, shall sign his ballot; otherwise, the ballot will be void.

3.5.6.5 Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least ten (10) days prior to the date of the meeting; provided, however, that such written requests may

be waived at the meeting if all Members present at the meeting consent.

3.5.6.6 Committee Reports. Reports of committees, if any, designated to supervise and advise on the respective segments of maintenance and operations assigned by the Board of Directors shall be presented.

3.5.6.7 Adjournment. Upon completion of all business before the Association, the President, upon the motion of any Owner, may adjourn the meeting; provided, however, that no annual meeting shall be adjourned until a budget is approved by the Members for the upcoming year.

ARTICLE FOUR

Board of Directors

Section 4.1 Number and Qualifications. The affairs of the Association shall be governed and managed by the Board of Directors. The initial Board of Directors shall be composed of three (3) persons. The number of Directors may be increased to a maximum of five (5) members in accordance with this Section 4.1 only if the increase is properly brought before the Association at an annual meeting or special meeting called for such purpose and approved by a majority vote of the Members. No person shall be eligible to serve as a Director unless he is an Owner or the agent of an Owner who is not an individual. Except temporarily due to the resignation, removal, death, or incapacity of a Director, there shall be an odd number of Directors elected to serve on the Board at all times.

Section 4.2 Additional Qualifications. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then the person entitled to cast the vote on behalf of such multiple Owner shall be eligible to serve on the Board.

Section 4.3 Term of Office and Vacancy. The Directors shall be elected at each annual meeting of the Association subject to the limitations set forth in Section 3.5 above and serve until the next annual meeting of the Association or until the Director's successor is duly elected and qualified. Any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Members if a Director is removed in accordance with Section 4.4 of this Article Four.

Section 4.4 Removal of Directors. Directors(s) may be removed with or without cause by a majority vote of the Members. In such case, a successor shall be elected at the same meeting from eligible Members nominated at the meeting. A Director selected shall serve until the next annual meeting of the Association or until his successor is duly elected and qualified.

Section 4.5 Duties of the Board of Directors. The Board of Directors shall perform or cause to be performed, when and to the extent deemed necessary or appropriate in the Board's business judgment, the following:

4.5.1 Care and upkeep of the Real Estate, the Conservancy Area, the Common Area, the Limited Common Area and general maintenance, (including snow removal) including disbursement of funds from the account of the Association to cover payment for such services;

4.5.2 Collection of Regular Assessments and Special Assessments from the Owners;

4.5.3 Surfacing, paving, and maintaining parking areas and sidewalks in the Common Area and the Limited Common Area and the regulation of the use thereof;

4.5.4 Employment and dismissal of personnel necessary for maintenance and operation of the Common Area;

4.5.5 Adoption and amendment of rules and regulations governing the operation and use of the Property;

4.5.6 Preparation of the proposed annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the Notice of annual meeting is mailed or delivered;

4.5.7 Preparation and delivery annually to the Co-owners of a full accounting of all receipts and expenses during each year, which account shall be delivered to each Owner simultaneously with delivery of the annual budget;

4.5.8 Maintenance of a current, accurate, and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses; all records and vouchers shall be available for examination by an Owner at any time during normal business hours;

4.5.9 Acquisition and maintenance of all insurance coverage required by the Declaration to be maintained for the Association as specified by Section 16 of the Declaration.

Section 4.6 Powers of the Board of Directors. The Board of Directors shall have such powers as are reasonably necessary or appropriate to accomplish the performance of their duties.

These powers include, but are not limited to, the power:

4.6.1 To employ a professional managing agent or real estate management company (either being hereinafter referred to a "Managing Agent") to assist the Board of Directors in performing its duties;

4.6.2 To purchase for the benefit of the Owners such equipment, materials, labor, and services as may be necessary in the judgment of the Board of Directors;

4.6.3 To procure public liability and property damage insurance and Workmen's Compensation insurance, if necessary, and to procure all such other insurance as is required or permitted under the Declaration, for the benefit of the Co-Owners and the Association;

4.6.4 To employ architects, contractors, attorneys, accountants and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association;

4.6.5 To employ legal counsel to collect unpaid Regular Assessments or Special Assessments from any Co-Owner who fails to pay the Assessment by the Delinquency Date.

4.6.6 To include the costs of all of the above and foregoing as Common Expenses and to pay all of such costs from that fund;

4.6.7 To open and maintain a bank account or accounts in the name of the Association; and

4.6.8 To adopt, revise, amend, and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation and enjoyment of the Property; provided that the Board of Directors shall receive the affirmative vote at an annual or

special meeting of a majority of all Members prior to adoption. Following adoption of any rules or regulations, the Board of Directors shall give written notice to the Members of such rules and any revision, amendment, or alteration thereof.

4.6.9 To assess and collect rent from the former owner of any Condominium Unit that is foreclosed upon by suit filed by the Managing Agent or the Board of Directors pursuant to I.C. 32-1-6-24.

Section 4.7 Limitations on Board Action. Except for proposed contracts and proposed expenditures expressly set forth in the annual budget approved by the Members at the Association's annual meeting, the authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than Two Thousand Five Hundred Dollars (\$2,500.00) per calendar year, unless the prior approval of a majority of Members present or represented at any meeting is obtained. Except for the collection of unpaid Assessments, the Board may not initiate legal action without the prior approval of at least seventy-five percent (75%) of the votes eligible to be cast (both Class A and, if then acting, Class B) at a special meeting of the Co-Owners called for that purpose.

Section 4.8 Compensation. No Director shall receive any compensation for his services as such except to such extent as may be expressly authorized by the majority of Owners.

Section 4.9 Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. The Secretary shall give notice of regular meeting of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meeting. A special meeting of the Board of Directors may be called by the President or any two members of the Board of

Directors. The person or persons calling such meeting shall give written notice thereof to the Secretary, who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Directors. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place as such be designated in the notice.

Section 4.10 Waiver of Notice. Before any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting shall, as to such Director, constitute a waiver of notice of the time, place, and purpose thereof. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

ARTICLE FIVE

Officers

Section 5.1 Officers of the Association. The principal officers of the Association shall be the President, Vice President and Secretary/Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 5.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following each election thereof. Upon recommendation of a majority of all Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 5.3 The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors, shall have and discharge all the general powers and duties usually vested in the office of the President or chief executive officer of an association or a stock corporation organized under the laws of Indiana, including, but not limited to, the power to appoint committees from among the Owners as he may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board of Directors may from time to time prescribe.

Section 5.4. Vice President. The Vice President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these Bylaws may prescribe or as shall, from time to time, be imposed upon him by the Board or by the President.

Section 5.5 The Secretary/Treasurer. The Secretary/Treasurer shall be elected from among the Board of Directors. The Secretary/Treasurer shall attend all meetings of the Association and of the Board of Directors and shall keep or cause to be kept a true and complete record of proceedings of such meetings. The Secretary/Treasurer shall also maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of the Secretary/Treasurer. He shall be legal custodian of all monies, notes, securities, and other valuables which may from time to time come into possession of the Association. He shall immediately deposit all funds of the Association coming into his hands in some reliable bank or other depository to be designated by

the Board of Directors and shall keep such bank account in the name and for the exclusive benefit of the Association. The Association shall, at its expense, obtain a fidelity bond in an amount determined by the Board of Directors. The Secretary/Treasurer shall perform all other duties incident to the office of the Secretary/Treasurer, and other duties as from time to time may be prescribed by the Board of Directors. The Secretary/Treasurer shall specifically see that all notices of the Association or the Board of Directors are duly given, mailed or delivered, in accordance with provisions of these Bylaws; however, this duty may be delegated by the Secretary/Treasurer of the Managing Agent.

Section 5.6 Assistant Officers. The Board of Directors may from time to time designate and elect from among the Director an Assistant Secretary and Assistant Treasurer, who shall have such powers and duties as the officers whom they are elected to assist shall delegate to them and such other powers and duties as these Bylaws or the Board of Directors may prescribe.

ARTICLE SIX

Additional Rights and Duties of Board

Section 6.1 Right of Board to Adopt Rules and Regulations. The Board of Directors may promulgate such reasonable rules and regulations regarding the operation of the Property as the Board of Directors may deem desirable, provided they receive the affirmative vote at an annual or special meeting of a majority of Owners prior to adoption. Such rules as are adopted may be repealed or amended by a vote of a majority of the Board of Directors; however, **the Board of Directors shall have no power to amend or repeal the Restrictions on Transfer contained in Article Two prior to the expiration of the Prohibition Period.** The Board of Directors shall cause copies of all such rules and regulations, including any amendments or

repeals thereof to be delivered or mailed promptly to all Owners at least fifteen (15) days prior to the effective date thereof. Any rule or regulation promulgated by the Board of Directors may be enforced by the Board of Directors or any Owner; however, if there is any dispute regarding the interpretation or enforcement of any rule or regulation, the provisions of Article 9, Alternative Dispute Resolution, shall apply.

Notwithstanding any rule, regulation, or restriction adopted by the Directors, the Board of Directors shall make reasonable accommodations in the rules, regulations and other restrictions if those accommodations are necessary to afford a handicapped person equal opportunity to use and enjoy the Property.

Section 6.2 Indemnification of Officers and Directors by Association. The Association shall indemnify any Director or officer, or former Director, or former officer of the Association, against expenses actually and reasonably incurred by him (and not covered by insurance) in connection with the defense of an action, suit or proceeding (unless such action, suit or proceeding is settled) in which he is made or threatened to be made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding, to be liable for gross negligence or misconduct in the performance of his duties to the Association. The Association may also reimburse any Director or officer or former Director or former officer, for reasonable costs of settlement of any such action, suit or proceeding, if it shall be found by a majority of the Directors not involved in the matter in controversy (whether or not a quorum) that it was to the interest of the Association that such settlement be made and that such Director or officer was not guilty of gross negligence or misconduct. Such rights of indemnification and reimbursement shall not be

conclusive of any other rights to which such Director or officer may be entitled under any Bylaw, agreement, vote of Owners or otherwise.

ARTICLE SEVEN

Section 7.1 Annual Accounting. Annually, after the close of each calendar year and prior to the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared and furnished to each Owner a financial statement by the Secretary/Treasurer, the Managing Agent or an independent Certified Public Accountant, which statement shall show all receipts and expenses received, incurred, and paid by the Association during the preceding calendar year. The financial statement shall be furnished to each Owner at the same time the Notice of Annual Meeting is mailed or delivered.

Section 7.2 Proposed Annual Budget. Annually, on or before the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses for the ensuing year, and the Board of Directors will furnish a copy of such proposed budget to each Owner prior to the annual meeting. The proposed annual budget shall be submitted to the Co-Owners at the annual meeting of the Association for adoption, and if so adopted, shall be the basis for the Regular Assessments for the ensuing calendar year. At the annual meeting of the Co-Owners, the proposed annual budget may be approved in whole or in part, or may be amended in whole or in part, by a majority of the Class "A" Members and by a majority of the Class "B" Members (if any then exist) present or represented at the meeting (provided a quorum is present); provided, however, in no event shall the annual meeting of the Association be adjourned until an annual budget is approved at such meeting. The failure or delay of the Board

of Directors to prepare a proposed annual budget and to furnish a copy thereof to any Owner shall not constitute a waiver or release of the Owner to pay the Common Expenses.

Section 7.3 Regular Assessments. The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each Condominium Unit based on the total amount of said budget divided by the total number of Condominium Units (herein called the "Regular Assessment"). The Regular Assessment against each Condominium Unit shall be paid in twelve monthly installments on the first day of each month beginning in January following adoption of the budget. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors or the Managing Agent, as directed by the Board of Directors; provided, however, that any Owner may elect to pay any Regular Assessment in advance. The Regular Assessment for each year shall become a lien on each separate Condominium Unit as of the date of the adoption of the annual budget. No Condominium Unit owned by the Declarant shall be considered in the determination of the number of the Condominium Units to be assessed until such Unit is ready for occupancy and earning current income for the Declarant.

Section 7.4 Special Assessments. In addition to the Regular Assessments authorized above, the Association may levy such Special Assessments as may be necessary for the purpose of defraying, in whole or in part: (a) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, and (b) the expense of any other contingencies or events not provided for in the annual budget or the reserves and the working capital of the Association; provided, no Special Assessments shall be levied without the assent of a majority of the Owners at a meeting duly called for this

purpose. Each Owner shall pay the Association a Special Assessment based on the total sum approved to meet the costs and expenses as heretofore provided divided by the total number of Condominium Units. No Condominium Unit owned by the Declarant shall be considered in the determination of the number of the Condominium Units to be assessed, nor shall such Units be assessed until such unit is ready for occupancy and earning current income for the Declarant. The Association may, in connection with the levy of any Special Assessment, specify that the same shall be payable in installments and specify the due dates thereof.

Section 7.5 Adjustments. In the event that the approved budget and Regular Assessments plus the reserves and working capital of the Association provide insufficient to meet the Association's actual expenses in any year, such deficiencies may be corrected through one or more Special Assessments. In the event the approved and Regular Assessments exceed actual expenses in any year, such surplus shall be retained and used to offset expenses in the next year.

Section 7.6 Temporary Budget and Assessments. If for any reason an annual budget and the Regular Assessments for any year have not been determined as of January 1 of any such year, the budget and Regular Assessments in effect during the preceding year shall continue in effect until such time as the annual budget and annual assessments are determined in accordance with the Declaration and these Bylaws; provided, however, that said preceding budget and regular assessments may be increased by up to fifteen percent (15%) as the Board of Directors, by majority vote, may deem necessary.

Section 7.7 Reserve and Working Capital Funds. The Association shall be obligated to establish a reserve fund for the repair of the Common Area based upon good faith estimates of the useful life and replacement cost of such Common Area made or obtained by the Association.

The reserve fund shall be funded through the payments by the Owners of Common Expenses and not by an extraordinary or special assessment. Extraordinary expenditures not originally included in the annual estimate that become necessary during the year shall be charged first against the reserve fund so established before any Special Assessment is made or levied therefor. In addition to the reserve fund, a working capital fund shall be established and maintained by the Association. At the closing of the initial sale of each Condominium Unit to an Owner, the purchaser of such Condominium Unit shall deposit with the Association an amount equal to the monthly Regular Assessment pro-rated to the day of closing (based on a 365 day year) plus the sum of Fifty Dollars (\$50.00) which shall be deposited to the Association's working capital fund. Amounts paid or deposited into the working capital fund shall not relieve an Owner from responsibility for the regular assessments due in accordance with this Article Seven. All amounts held by the Association pursuant to this Section 7.7 shall be maintained in a federally-insured, interest-bearing account in a bank or savings and loan association doing business in Monroe County, Indiana, and all interest thereon shall be added to and deemed a part of such fund.

Section 7.8 Status of Funds Collected by Association. All funds collected pursuant to this Article Seven shall be held and expended by the Association solely for the purposes designated herein, and, except for such adjustments as may be required to reflect delinquent or prepaid Regular or Special Assessments, shall be deemed to be held for the use, benefit, and account of all or the Owners for the payment of Common Expenses.

ARTICLE EIGHT

Amendment to Bylaws

Except where a higher voting percentage is required by the Bylaws, the Bylaws may be

amended by the affirmative vote of a majority of the Owners at a duly constituted meeting called for such purpose.

ARTICLE NINE

Alternative Dispute Resolution

Section 9.1 Disputes subject to this Article. Owners' disputes shall be resolved in accordance with the provisions of this Article Nine if the dispute concerns any of the following (a) the interpretation of the Declaration, the Association's Articles of Incorporation or the Association's Bylaws; (b) the Developer's construction of the Property, the Developer's administration of the Association or the Developer's duties to the Co-Owners; (c) the promulgation, application or enforcement of the Association's rules or regulations; (d) any dispute with an officer, director or Managing Agent of the Association regarding the performance of their respective duties; or, (e) any other matter with respect to the Property voluntarily submitted to the Association by all parties for resolution.

Section 9.2. Binding Effect. Each Owner, by accepting a deed to the Condominium Unit, on behalf of the Owner and the Owner's family, invitees and contract purchasers agrees to be bound by the provisions of this Article.

Section 9.3. Description of Alternative Dispute Resolution Procedures. Any dispute that is subject to this Article must be submitted by the Owner to the Association in writing on a form provided by the Association.

9.3.1 Mediation. Mediation is a process by which a neutral third party, called a mediator, acts to encourage and assist in the resolution of a dispute between two (2) or more parties. Mediation is an informal and nonadversarial process and the objective is

to help the disputing parties reach a mutually acceptable agreement between or among themselves on all or any part of the issues in dispute. Decision making authority rests with the parties, not the mediator. The mediator assists the parties in identifying issues, fostering joint problem-solving, exploring settlement alternatives, and in other ways consistent with these activities.

9.3.2 Arbitration. Arbitration is a process in which a neutral third person or a panel, called an arbitrator or an arbitration panel, considers the facts and arguments of the parties to the dispute and the arbitrator or arbitration panel renders a decision. Arbitration decisions rendered under this Article shall be binding on the Association, all Owners and all other parties.

Section 9.4 Procedure for Invoking Alternative Dispute Resolution Procedure.

Within thirty (30) days after the Board or Managing Agent's receipt of the disputing party's written request for Dispute Resolution, the Board or the Managing Agent, if one is acting, will provide the disputing parties with a list of mediators trained in civil mediation and certified as mediators by the Indiana Commission for Continuing Legal Education. In the event a mediator is not selected by agreement of the disputing parties, the disputant who filed the request will strike first and each other party to the dispute will then, in turn, strike a mediator from the list. The mediator remaining after the striking process will be deemed the selected mediator. A person selected to serve as mediator may decline or refuse to serve as mediator for any reason and no mediator can have an interest in the outcome of the mediation. If the selected mediator chooses not to serve or the disputants mutually agree to replace the mediator, the selection process will be repeated.

9.4.1 Mediation Procedure. The mediator selected as provided in this Article

shall conduct the mediation in accordance with the Alternative Dispute Resolution Rule 2 of the Indiana Rules of Court, or any subsequent replacement or successor provisions. The Board or the Managing Agent will maintain copies of the applicable Rules at the Association's office and will supply copies of the Rules upon the written request of any disputant. Following the mediation session, the mediator must report to the Board or Managing Agent whether or not the mediation has been successful. If the dispute is resolved, written acknowledgement of resolution, signed by the parties, will serve as the mediator's report. If the mediation does not resolve the dispute, the mediator must report which issues are not resolved, in writing, and the mediator's report shall be submitted to an arbitrator for a decision. If any disputant refuses or fails to meet at the time set for the mediation, the mediation will be deemed to have failed and the dispute will be submitted for arbitration.

9.4.2 Binding Arbitration. If the mediation fails, the parties to the dispute shall promptly submit the dispute to an arbitrator or arbitration panel for resolution. The decision of the arbitrator or the arbitration panel shall be binding on all parties to the dispute.

An arbitrator or arbitration panel shall be selected and the arbitration proceedings shall be conducted in accordance with the Alternative Dispute Resolution Rule 3 of the Indiana Rules of Court, or any subsequent replacement or successor provisions. The mediator's report shall be submitted to the arbitrator or arbitration panel. The Managing Agent or Board will maintain copies of the applicable arbitration rules at the Association office and, upon written request, the Board or Managing Agent will provide the Owner

with copies of the applicable Rules. The decision of the arbitrator or the arbitration panel, as the case may be, shall be binding on all parties and may be enforced by a court of competent jurisdiction.

9.4.3 Costs and Expenses. The costs and expenses of the mediator, the arbitrators, the prevailing party's reasonable attorney fees and the Managing Agent's costs and expenses shall all be borne by the party who initiated the dispute resolution procedure unless the mediator or the arbitrator determine that the costs and expenses should be borne equally by all of the parties.

9.5 Amendment or Repeal of Alternative Dispute Resolution Procedure. The provisions of this Article 9 may only be amended or repealed: (1) at a special meeting of the Owners called for that purpose; and, (2) by the affirmative vote of seventy-five percent (75%) of all of the Class A Owners and seventy-five percent (75%) of all of the Class B Owners (if any are then existing) entitled to vote.

ARTICLE TEN

Notices and Mortgagees

Section 10.1 Notice to Association. Any Owner who places a first mortgage lien upon his Condominium Unit or the Mortgagee thereof shall notify the Secretary/Treasurer of the Association and provide the name and address of the Mortgagee. A record of such Mortgagee and name required to be given to the Mortgagee pursuant to the terms of the Declaration or these Bylaws shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record in the time provided. Unless notification of any such mortgages and the name and

address of the Mortgagee are furnished to the Secretary/Treasurer, either by Owner or by the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Declaration or these Bylaws shall be required, and no Mortgagee shall be entitled to vote on any matter on which he otherwise may be entitled to vote by virtue of the Declaration or Bylaws or proxy granted to such Mortgagee in connection with the mortgage or otherwise.

Section 10.2 Notice of Assessments. Upon ten (10) days written notice to the Association and the payment of a reasonable fee, the Association shall deliver to any Owner, Mortgagee, prospective Mortgagee, title insurance company, purchaser or other prospective transferee of a Condominium Unit, a written statement setting forth the amount of all unpaid Assessments, if any, with respect to the subject Condominium Unit, together with the amount of the current Regular and Special Assessments for Common Expenses and the date(s) such Assessments become due and payable. Any such written statement shall be binding upon the Association in favor of any person relying thereon in good faith.

Section 10.3 Financial Statements. The Association, upon the request of any Mortgagee, shall provide to said Mortgagee the most recent financial statement prepared on behalf of the Association pursuant to Section 7.1 of these Bylaws.

Section 10.4 Notices to Mortgagees. The Association shall promptly provide to any Mortgagee of whom the Association has been provided notice under Section 10.1 of these Bylaws of any of the following:

(a) Any delinquency in the payment of Regular Assessments or Special Assessments owed by the Owner of any Condominium Unit on which said holder, insurer, or guarantor holds a mortgage, if said delinquency continues for more than sixty (60) days;

EXHIBIT B

B - 248 - 164

Real Estate

A part of the Southeast Quarter of Section 9, Township 8 North, Range 1 West, Monroe County, Indiana and being more particularly described as follows:

BEGINNING at a 5/8" rebar found at the northwest corner of said quarter section, thence SOUTH 00 degrees 50 minutes 19 seconds East 458.44 feet on the west line of said quarter section to the north right-of-way of Wylie Farm Road; thence on said north right-of-way the following five (5) courses: 1. NORTH 89 degrees 59 minutes 24 seconds East 166.88 feet; thence 2. 103.47 feet on a 275.00 foot radius tangent curve to the left whose chord bears NORTH 79 degrees 12 minutes 38 seconds East 102.86 feet; thence 3. NORTH 68 degrees 25 minutes 56 seconds East 173.38 feet; thence 4. 237.45 feet on a 425.00 foot radius tangent curve to the right whose chord bears NORTH 84 degrees 26 minutes 17 seconds East 234.37 feet; thence 5. SOUTH 79 degrees 33 minutes 23 seconds East 20.48 feet to the west line of The New Bent Tree Phase II (Plat Cabinet C, Envelope 112); thence on said west line NORTH 10 degrees 26 minutes 56 seconds East 25.01 feet; thence NORTH 36 degrees 21 minutes 57 seconds East 423.12 feet on said west line and the west line of The New Bent Tree, Phase III (Plat Cabinet C, Envelope 147) to the north line of the aforesaid Southeast Quarter of Section 9; thence SOUTH 89 degrees 27 minutes 29 seconds West 944.74 feet on said north line to the POINT OF BEGINNING, containing 7.46 acres, more or less.